

Services, and the Administrator for the National Aeronautics and Space Administration.

Unless otherwise specified, all Federal Acquisition Regulation (FAR) and other directive material contained in FAC 90-35 is effective December 14, 1995.

Dated: December 1, 1995.

Eleanor R. Spector,  
*Director, Defense Procurement.*

Dated: December 6, 1995.

Ida M. Ustad,  
*Associate Administrator, for Acquisition Policy.*

Dated: December 7, 1995.

Tom Luedtke,  
*Deputy Associate Administrator for Procurement, NASA.*

Therefore, 48 CFR Part 31 is amended as set forth below:

### **PART 31—CONTRACT COST PRINCIPLES AND PROCEDURES**

1. The authority citation for 48 CFR Part 31 continues to read as follows:

Authority: 40 U.S.C. 486(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

2. Section 31.205-11 is amended at the end of paragraph (e) by adding the parenthetical “(but see paragraph (o) of this subsection).”; and by adding paragraph (o) to read as follows:

#### **31.205-11 Depreciation.**

\* \* \* \* \*

(o) In the event of a write-down from carrying value to fair value as a result of impairments caused by events or changes in circumstances, depreciation of the impaired assets shall not exceed the amounts established on depreciation

schedules in use prior to the write-down (see 31.205-16(g)).

3. Section 31.205-16 is amended by revising the section heading and adding paragraph (g) to read as follows:

#### **31.205-16 Gains and losses on disposition or impairment of depreciable property or other capital assets.**

\* \* \* \* \*

(g) With respect to long-lived tangible and identifiable intangible assets held for use, no loss shall be recognized for a write-down from carrying value to fair value as a result of impairments caused by events or changes in circumstances (e.g., environmental damage, idle facilities arising from a declining business base, etc.). Depreciation or amortization on pre-write-down carrying value of impaired assets not yet disposed of shall continue to be recoverable under established depreciation or amortization schedules to the extent it is not otherwise unallowable under other provisions of the FAR.

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### **48 CFR Part 31**

#### **[Federal Acquisition Circular 90-35]**

### **Federal Acquisition Regulation; Rates of Inflation**

**AGENCIES:** Department of Defense (DOD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA).

**ACTION:** Annual notice of rates of inflation.

The Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council have agreed to publish as an information item, the rates of inflation which are used in conjunction with other factors to determine the allowability of IR&D/B&P costs for major contractors under 31.205-18(c)(2)(i)(C)(2) during the first three contractor fiscal years beginning on or after October 1, 1992. The following rates of inflation are effective immediately, and shall remain in effect until superseded by the next publication, which is anticipated in January 1996:

Fiscal year	Annual percent-age rate
1994 .....	2.5
1995 .....	2.9
1996 .....	3.0
1997 .....	3.0

The above rates are the Price Escalation Indices for the Research, Development, Test & Evaluation (RDT&E) Account, Total Obligation Authority (TOA), issued by the Principal Deputy Under Secretary of Defense (Comptroller) on January 10, 1995. These rates of inflation supersede those published in FAC 90-23, Item XL—Annual Notice of Rates of Inflation, in the Federal Register on December 28, 1994.

Dated: December 8, 1995.

Edward C. Loeb,  
*Acting Director, Office of Federal Acquisition Policy.*

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